

THE THIRD WAY ECONOMIC PROGRAM



**CHANGE YOU CAN BELIEVE IN  
NEEDS A GOVERNMENT YOU CAN TRUST**

*A Third Way Report*

*by*

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## About the Authors

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## Introduction

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As Barack Obama takes office in 2009, he will confront a paradox. On the one hand, the American people are demanding action in many areas—to improve the economy, to increase access to health care while restraining costs, and to reduce energy costs and our dependence on oil, among others. On the other hand, people are deeply mistrustful of the federal government as an honest and capable agent for achieving these goals.<sup>1</sup> There is nothing new about this ambivalence, but how the next president deals with it may make the difference between success and failure, measured in sustainable public support as well as legislative accomplishment.

The reason is this: in our politics, trust is a cause as well as a consequence. While events affect public trust in government, trust shapes the limits of political possibilities. When trust is high, policy makers may reasonably hope to enact and implement federal solutions to our most pressing problems. When trust is low, as it is today and has been for much of the past few decades, policy makers face more constraints. As leading scholar Marc Hetherington puts it, “Most Americans, whether conservative or liberal, do not trust the delivery vehicle for most progressive public policy. Even if people support progressive policy goals, they do not support the policies themselves because they do not believe that government is capable of bringing about desired outcomes.”<sup>2</sup> In 1992, for example, public support for some form of national health insurance exceeded any level previously measured. When President Bill Clinton took office, however, trust in the federal government had reached an historic low, a fact that contributed to the eventual defeat of his ambitious health care proposal. While it is risky to draw broad inferences from a single instance, however dramatic, it seems reasonable to assume that people will tend to resist, and perhaps reject, policy proposals that are wildly inconsistent with prevailing levels of trust in government.

As the quotation from Hetherington suggests, trust is not the same thing as liberalism, and mistrust is not the same as conservatism. They are linked but distinct dimensions of political evaluation. Liberals go wrong when they assume that support for policy goals automatically translates into support for government programs. For their part, conservatives go wrong when they assume that public mistrust implies endorsement of limited government across the board. Mistrust tends to reduce support for future programs whose effects are hard to predict, for current programs whose effects can be discerned only indirectly, and for programs that require sacrifice—today for the sake of the future, or by some citizens for the

sake of others. By contrast, mistrust has little if any bearing on existing programs offering concrete, widely distributed, and directly assessable benefits, as the Bush administration learned in 2005 when it proposed major changes in Social Security. The art of governance in the early 21<sup>st</sup> century will call upon the next administration to focus on problems that affect the nation as a whole and to shape programmatic responses that are sensitive to the need to rebuild trust in the federal government as an effective instrument for promoting the common good.

Hence the purpose of this paper. Four years ago, we authored a paper for Third Way in which we noted that a prevailing trend in public opinion—the ideological polarization of the electorate—was changing elections, political discourse, and the scope of government action. In *Politics of Polarization* we found that the ideological wings had slowly but unmistakably retreated to their corners. Not only were liberals and conservatives far more likely to vote for Democrats and Republicans respectively than in the past, but also they were far more likely to live in homogeneous communities with shared ideological viewpoints.

In this paper, we have identified a second compelling and dramatic national trend that also has a powerful impact on the scope of government action—namely, lack of trust. A striking and longstanding decline in the public's trust of the federal government has added a new hurdle to achieving transformative public policy. This is particularly troubling for progressives because nearly all of the progressive agenda uses the government as the instrument of change. That is not to say that this decline in trust is permanent or irreversible. It is to say that it must be addressed if a new president and a new Congress hope to achieve major change. Contrary to the assumptions of many progressives, the desire for change doesn't always translate into a desire for more active government. Change means change. Trust must be earned.

As this paper titled goes to press, the news is dominated by the government's efforts to address the global financial crisis and the threat of a deep recession. Some observers are speculating that these events may open the door to an expansion of government across the board.

We do not expect this massive government bailout to alter fundamentally the attitude of the American public towards government action, and thus we see no reason to revise our recommendation that the next president should begin his administration with carefully chosen confidence-building measures.

This expectation rests on our reading of recent American history. Throughout the four decades that trust in government has been declining, we have had a series of episodes in which the American people have temporarily increased their trust in government. The most dramatic example was the massive increase immediately after 9/11, even though, in reality, the attack represented a massive failure of government to discharge its most important responsibility. These are moments

when people must trust the government because they have no alternative. For instance, in military ventures, we observe the “rally round the flag” effect as Americans rush to support the president and his actions in the face of perceived danger. This effect always fades, however.

The new administration cannot afford to assume that because the people grudgingly support a massive rescue plan for the financial sector, they will embrace a major expansion of government in other sectors of our society. Our new leaders will have to make the case, step by step, and demonstrate through promises kept that government can once again be an effective agent of change.

There is a link, however, between the economic crisis and the broader agenda. The public understands that government action is necessary to stave off a crisis, minimize the severity of the coming recession, help create new jobs, and protect people’s livelihood and savings. How the government handles the immediate crisis will shape the context within which new proposals in areas such as energy, health, and infrastructure will be received. Unless government is seen as meeting the economic challenge with effectiveness and integrity, prospects for the remainder of the progressive agenda are bound to dim.

The first section of this paper will focus on what we know about the American people’s long-standing mistrust of government. In the second section, we will consider how both trust and mistrust have affected the policy process. And in the third section, we will attempt to tease out the strategic implications of these findings for the future of active government.

## **I. Dimensions of Mistrust: The Historical Context**

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A glance at recent history illuminates where we stand today. **(See Table #1)** During the late 1950s and early 1960s, confidence in the federal government was sky-high, a situation that may well have been anomalous in the broader sweep of American history but that nonetheless afforded policy makers considerable freedom of action.<sup>3</sup> In 1964, a remarkable 76 percent of people said that they trusted the federal government to do the right thing just about always or most of the time. As late as 1972, despite turmoil at home and an unpopular war, 53 percent still felt that way. By 1980, only 25 percent did, a number that rose through much of the 1980s as the economy grew and inflation declined. By the end of that decade, however, trust began to erode again and hit rock-bottom at 21 percent in 1994, presaging huge Republican gains in the off-year election. With peace and prosperity through the rest of the decade and the Clinton administration's efforts to reinvent government and balance the budget, trust slowly climbed, and it then got an added boost from the "rally around the flag" effect of 9/11 and the early military success of the Iraq invasion. After the 2004 election, trust declined again, with a precipitous decline occurring around the time of the disastrous governmental response to Hurricane Katrina.<sup>4</sup> It now stands at only 17 percent—the lowest ever recorded. Absent unforeseen events, the next president will confront levels of trust still at or near its nadir.

**Table #1**  
**Trust in the Federal Government, 1958–2008**

	Just about always / Most of the time	Only sometimes	Never (Vol.)+	Don't know / Refused
	%	%	%	%
2008	17	74	9	1
2007	24	71	5	1
2006	27	65	6	2
2005	29	63	6	1
2004	47	52	1	0
2003	36	55	5	4
2002	56	44	0	0
2000	44	55	1	1
1998	40	58	1	1
1996	33	66	1	0
1994	21	74	3	1
1992	29	68	2	1
1990	28	69	2	1
1988	40	56	2	1
1986	38	57	2	2
1984	44	53	1	2
1982	33	62	3	3
1980	25	69	4	2
1978	29	64	4	3
1976	33	62	1	3
1974	36	61	1	2
1972	53	44	1	2
1970	53	44	0	2
1968	61	36	0	2
1966	65	28	2	4
1964	76	22	0	1
1958	73	23	0	4

+Volunteered response

Sources: American National Election Study (1958 to 2004)

New York Times/CBS News Poll (October 10 to 13, 2008)

New York Times / CBS News Poll (July 9 to 17, 2007)

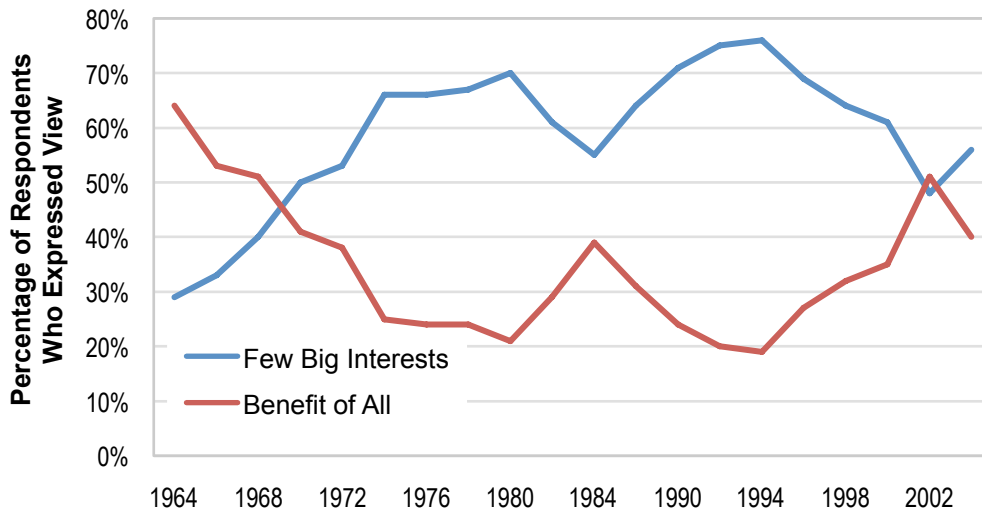
New York Times / CBS News Poll (September 15 to 19, 2006)

New York Times / CBS News Poll (September 9 to 13, 2005)

Finer-grained questions help identify more specific reservations Americans have about their national government. In 1964 (**See Graph #1**), 64 percent of Americans believed that government is run for the benefit of all, versus only 40 percent in 2004 (a figure that was itself up substantially from the lows recorded in the early 1980s and again in the early 1990s). In 1964 (**See Graph #2**), 47 percent believed that people in government waste a lot of taxpayers' money, a figure that peaked at 79 percent in 1980 and still stood at more than 60 percent in 2004.<sup>5</sup> In 1964 (**See Graph #3**), 32 percent felt that government listened to the people "a good deal," versus only 16 percent in 2004. Not surprisingly (**See Graph #4**), an index measuring the extent to which citizens felt that they shaped the agenda and concerns of the federal government dropped from 67 percent in 1964 to 47 percent in 2004.<sup>6</sup>

**Graph #1**

**Do you think the federal government is run for the benefit of all or just a few big interests?**  
**Special Interest vs. Public Interest**

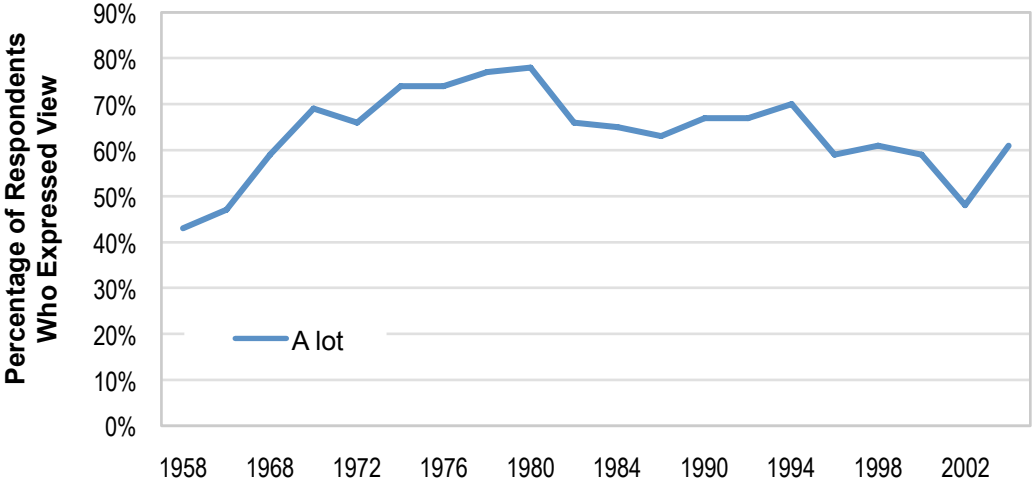


Source: American National Election Studies



**Graph #2**

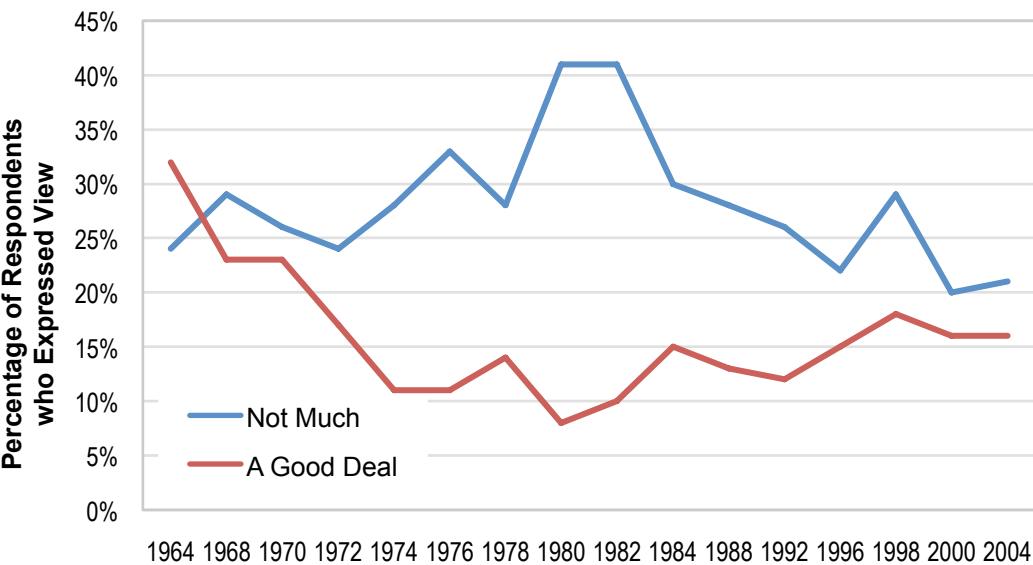
**How much does the Federal Government Waste Tax Money?**



Source: American National Election Studies

**Graph #3**

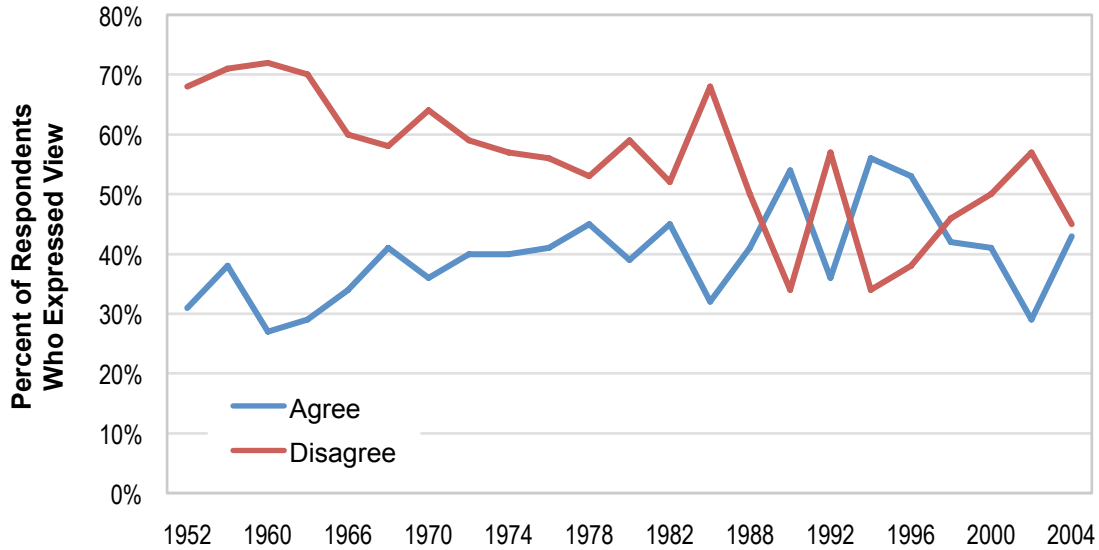
**How Much Does Government Pay Attention to What People Think?**



Source: American National Election Studies

**Graph #4**

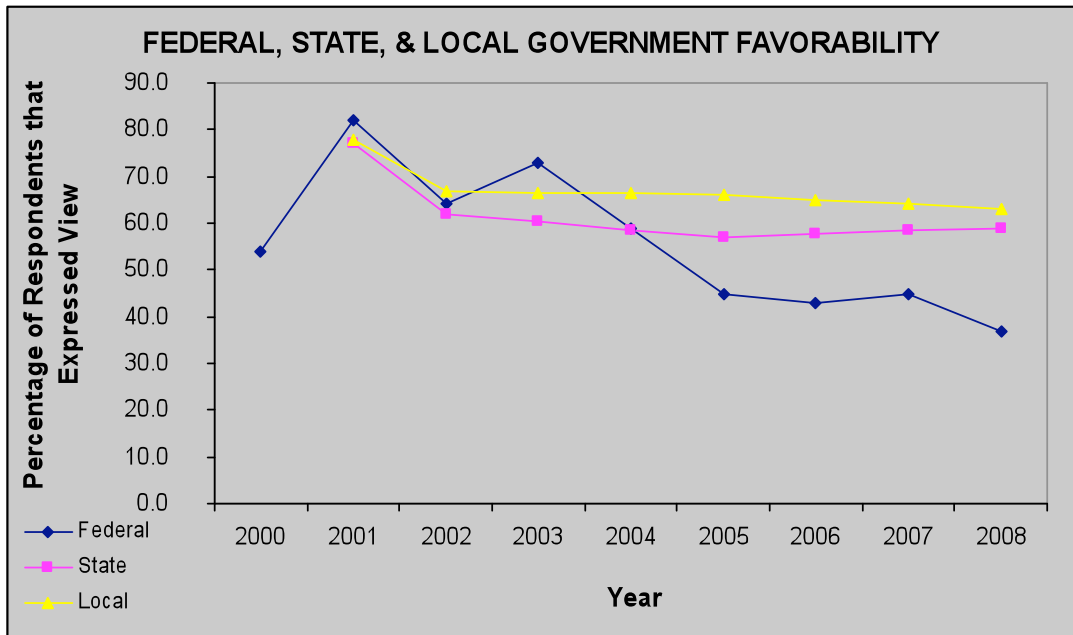
**People Like Me Don't Have Any Say about What Government Does.**



Source: American National Election Studies.

Over the past four decades, public attitudes have changed for the worse, not toward government as a whole, but only toward the federal government. Until the early 1970s, the federal government actually enjoyed more public trust and confidence than did either state or local governments. By 1992, the federal government ranked last by a considerable margin, as it does today.<sup>7</sup> By contrast, the percentage of Americans expressing either a great deal or fair amount of trust and confidence in their state and local governments actually rose substantially between 1972 and 2007.<sup>8</sup> In the current decade (**See Graph #5**), the federal government's favorability rating has slumped to only 37 percent, versus 54 percent on the eve of the 2000 election, while state and local governments held steady in public esteem.<sup>9</sup>

### Graph #5 Federal, State and Local Government Favorability

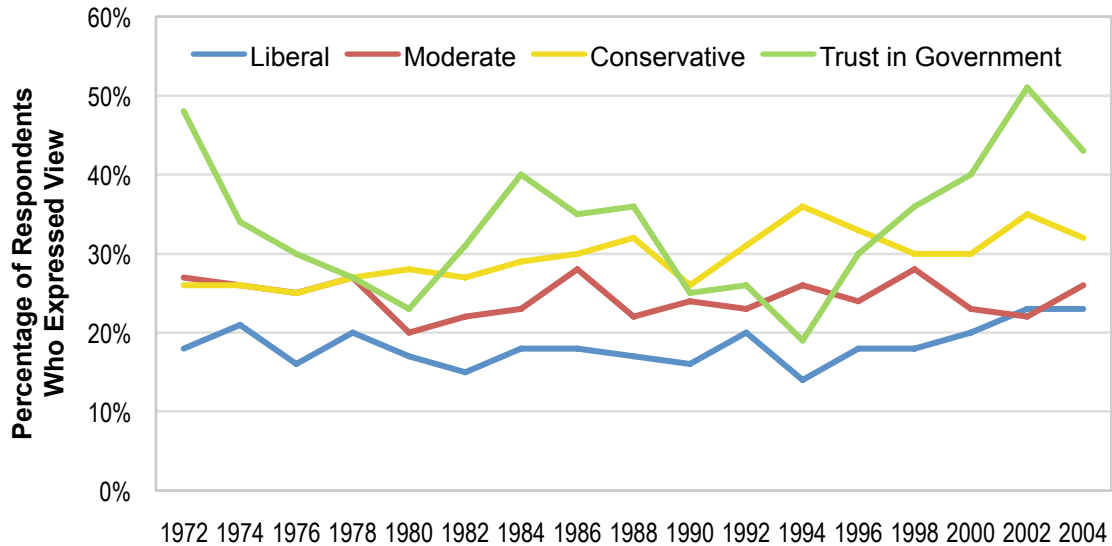


Source: Pew Research Report, May 14, 2008

None of this is to say that mistrust goes hand in hand with conservatism. To be sure, between the presidential elections of 1972 and 2004, the percentage of voters identifying themselves as conservative rose from 26 percent to 32 percent. During this same period, however, the percentage identifying themselves as liberal rose by just about the same amount, from 18 percent to 23 percent, while the share of moderates oscillated within a narrow range and ended up where it started. The single largest change was the sharp decrease in the percentage of voters who could not place themselves on the ideological spectrum. Their share, which peaked at 36 percent in 1980, fell to 20 percent by 2004, the lowest ever recorded. Americans have not become more conservative in recent decades, but they have sorted themselves out ideologically, becoming more polarized as they did (**See Graph #6**).

**Graph #6**

**Liberal-Conservative Index and Trust in Government**



(Lines represent percentage of respondents who identify themselves as liberal, moderate or conservative)

Source: American National Election Studies

Not only does mistrust of government not move in tandem with ideological currents; it does not determine (though it surely affects) attitudes toward government activism. In 1980, on the eve of Ronald Reagan’s electoral triumph, only 32 percent of Americans said that they favored a larger government offering more services, compared to 54 percent who wanted a smaller government and fewer services. Today, with public trust almost exactly where it was in 1980, 43 percent favor, and 43 percent oppose, a more active government.<sup>10</sup> The steady accumulation of unsolved problems has shifted the balance to some extent in favor of activism, but not to the point that a majority is prepared to endorse it. The burden of proof remains where it has rested for decades—on those who advocate an expanded role for the federal government. This fact, which will affect governance in 2009, also affects politics in 2008—all the more because only 37 percent of independents are prepared to endorse a more active federal role, versus 45 percent who remain opposed.<sup>11</sup>

## Sources of trust and mistrust

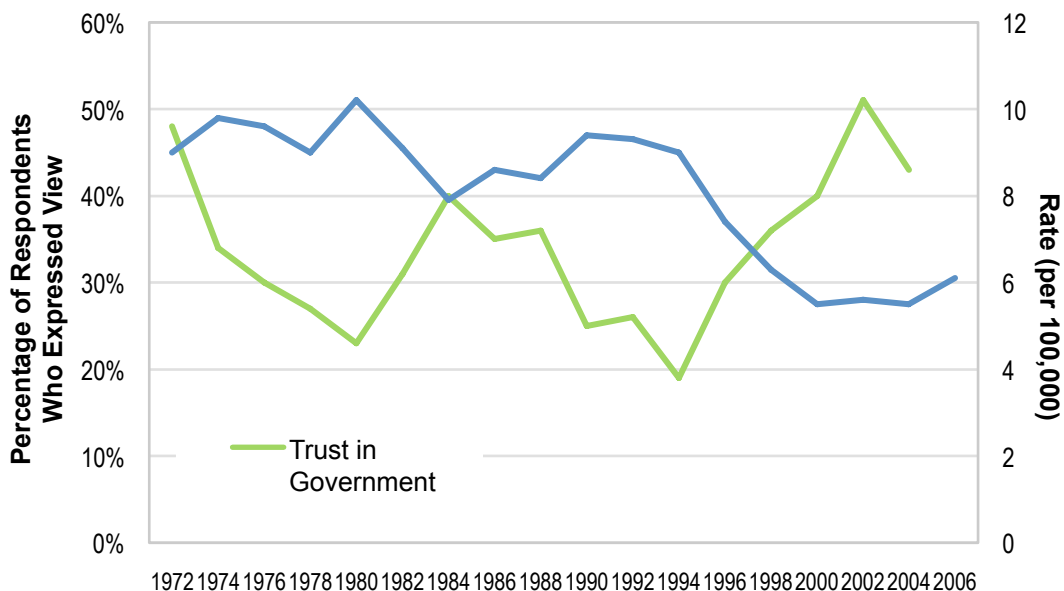
To trust an individual or institution means that you are willing to surrender control over something you value, with the expectation that the individual or institution will act in ways that benefit you. This expectation has two components—belief in the agent’s *competence* and in the agent’s *concern*. When you place yourself in a doctor’s hands, for example, you assume that he both possesses the required skills and is pursuing your best interests. If you discover that your doctor lacks the proper training, or that he is prescribing unnecessary tests because he owns the laboratory, you revise your expectations and withdraw your trust.

Trust in government operates according to the same logic. Consider the Bush administration’s botched response to Hurricane Katrina. Some critics charged that the administration didn’t really care, because Louisiana was in the hands of Democrats or because the flood victims were mostly poor and black. The more frequent and credible charge was that the government had proved incompetent to discharge one of its core functions, responding effectively to natural disasters. In any event, the consequence was a significant decline in public trust.

Competence has two key dimensions. First, the people hold the government responsible for effectively carrying out its core functions, which now include managing the economy, defending the nation, and preserving domestic security. Not surprisingly, social scientists have confirmed that economic growth, peace, and successful wars build trust. They have also discovered that rising concern about crime diminishes trust, and that effective crime-fighting measures enhance it<sup>12</sup> (**See Graph #7**). The Clinton administration’s COPS program, which helped local law enforcement agencies put 100,000 new police on the street and coincided with the steady reduction in crime rates during the 1990s, no doubt contributed to the increased trust in government that occurred during that period.

**Graph #7**

**Trust in Government and the Homicide Rate**



(Lines represent those expressing trust in government)

Source: American National Election Studies and FBI Crime Statistics.

The second dimension of competence requires government to meet the tests it sets for itself. For example, the American people were not necessarily expecting, or insisting, that the Clinton administration propose universal health insurance in 1993. (There is evidence that they were expecting early attention to welfare reform instead.) But once the administration chose to put a major health insurance proposal on the table, its failure to get the plan enacted diminished trust and contributed to devastating losses in the 1994 mid-term elections. Political scientists have suggested that as the federal government expands its reach, it takes on intractable social problems and creates more tests that it can fail—failures that are increasingly visible.<sup>13</sup> (The rise of a more partisan, less deferential media probably exacerbates this problem.)

The other key component of trust is the perception that public officials are genuinely concerned about the well-being of the people. Like competence, this component also has two dimensions. First, public officials must show that they care about the people’s problems. Franklin Roosevelt memorably characterized the Hoover administration as “frozen in the ice of its own indifference.” As the economy sank into recession and Pat Buchanan began his populist challenge, George H. W. Bush went to New Hampshire and blurted out his strategy memo—“Message: I care.” Even when candidates don’t have solutions, they regularly show the flag in areas devastated by economic downturns or natural disasters. The

reason is straightforward: if people don't believe you care, they won't believe that you'll ever try to help them.

Second, public officials must demonstrate that they strive to serve the people rather than their own selfish interests. Corruption undermines trust, and evidence is emerging that congressional scandals reduce trust even more than do scandals in the executive branch, where perceptions of competence are more important.<sup>14</sup> These findings make it easier to understand why episodes such as the House banking scandal and the Mark Foley affair dealt such heavy blows to incumbents, and why Presidents Ronald Reagan and Bill Clinton were able to survive scandals about which they misled the people.

The link between corruption and distrust is anything but surprising. Less obvious, but of perhaps even greater significance, is the connection between political polarization and distrust. Recent work has shown that our political system has become more polarized during the past three decades, at the grassroots as well among political elites.<sup>15</sup> At the grassroots, polarization has taken on a geographical form: people are more likely than they once were to live in areas dominated by political supermajorities.<sup>16</sup> As a result, everyday political experience at the local level increasingly tends to be homogeneous and low-conflict. This makes it more difficult for citizens to accept, or even understand, national political debate, which they interpret as self-interested bickering among a political class that is detached from the public and its concerns. Moreover, people tend to overestimate the degree of consensus that actually exists in society, and to assume that most other people agree with them. If we agree on goals, people say, why can't the "politicians in Washington" just sit down together, roll up their sleeves, and find the most effective ways of achieving those goals? The fact that they don't proves that they care about something other than the people's needs—probably their own interests. So why should we trust them?<sup>17</sup>

No doubt, it is easier to believe that people who agree with you care about you. This helps explain why Republicans always trust institutions dominated by Republicans more than Democrats do, and vice versa. (This partisanship effect is one of the best-documented findings in the study of political trust.) But partisanship is not blind. By 1968, many Democrats had lost confidence in Lyndon Johnson; by 2008, many Republicans had lost confidence in George W. Bush. Real-world conditions always have an impact, regardless of partisanship.

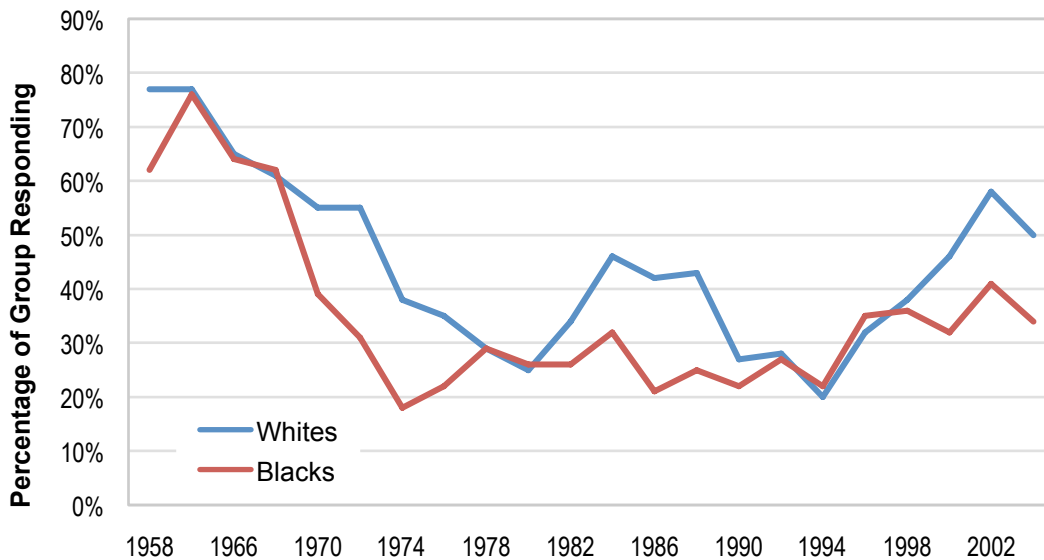
So does the way the political system operates. It is easy to assume that trust in government and agreement with its decisions are closely linked, and there is indeed a connection. But it turns out that perceptions of congressional fairness matter just as much. If people believe that Congress has given all voices a chance to be heard and has weighed the competing arguments even-handedly, then even those who disagree with the substance of its decisions are more likely to respect

and comply with them. Similar considerations shape citizens' evaluation of the legal system.<sup>18</sup> These findings suggest that policy makers concerned about low public trust should focus more attention on the procedures that citizens witness and directly experience.

Some scholars argue that political trust in the 20<sup>th</sup> century depended on keeping race off the national agenda and that the federal government's efforts to assist African Americans triggered a decline in trust among whites, starting in the mid-1960s. While this thesis is intuitively plausible, the facts don't seem to bear it out. Trust in the federal government among whites was statistically indistinguishable from that of blacks in 1964, 1966, and 1968 and then fell more slowly than among blacks until the mid-1970s. **(See Graph #8)** During the chaotic years leading up to Ronald Reagan's election, white and black trust levels were again virtually identical, as they were through most of the Clinton administration. And in general, when it comes to political trust, Americans tend to find themselves in the same boat, buffeted by the same waves, regardless of group differences.<sup>19</sup>

**Graph #8**

**Trust in Federal Government by Race**



(Lines represent those who trust government "just about always" and "most of the time")

Source: American National Election Studies

Finally, it is well established that young adults coming to maturity in the presidencies of President Bill Clinton and President George W. Bush are more likely to identify themselves as liberal, and less likely as conservative, than are older cohorts.



A recent comprehensive study by the Pew Research Center found the following pattern:

	<b>Age</b>			
<b>Ideology</b>	<b>18-25</b>	<b>26-40</b>	<b>41-61</b>	<b>61+</b>
Liberal	26	22	19	14
Moderate	36	39	39	36
Conservative	29	33	37	42

In sum: while young adults are about evenly divided between liberals and conservatives, Gen X-ers are 50 percent more likely to be conservative than liberal, boomers twice as likely, and “matures” three times as likely.

The same study found that in the case of young adults, liberalism goes along with more trusting and affirmative attitudes toward government. When asked whether the federal government is usually wasteful and inefficient when it undertakes a task, 55 percent of respondents answered yes and 41 percent answered no. But differences among age cohorts were stark: while voters older than 26 strongly endorsed the proposition by a margin of 58 percent to 38 percent, young adults *rejected* it overwhelmingly, 64 percent to 32 percent.<sup>20</sup>

This finding is consistent with other studies. A survey conducted in 2006 by the Center for Information on Civic Learning and Engagement (CIRCLE) found that when presented with a choice between a government that does more to solve problems and one that leaves more things to businesses and individuals, government as problem-solver was favored by 63 percent of young adults, compared to 52 percent of other Americans. That study also found that 39 percent of young adults felt that government is not responsive to the genuine needs of the public, compared to 53 percent of other Americans.<sup>21</sup>

Finally, the most recent annual survey of American civic life conducted by the National Conference on Citizenship found that while trust in government had declined sharply overall, young adults (“millennials”) were still 5 points more likely to trust “the government in Washington” than were Gen Xers, 10 points more likely than boomers, and 8 points more likely than matures.<sup>22</sup>

While these findings are suggestive, it would be a mistake for proponents of activist government to assume that they are riding an inexorably rising tide. Young adults tend to be more unsettled in their political attitudes. The reason is simple: because they have less experience on which to base their judgments, each new experience can make a large difference. For example, while they were more supportive of the Iraq war at the beginning than were other age cohorts, they have swung sharply since and are the least supportive of any cohort today. With

experience of failed as well as successful military ventures, older voters were more cautious early on and have shifted less in the ensuing years.<sup>23</sup>

For an activist president and Congress, this volatility should sound a cautionary note. Much would depend on early successes that build on, and strengthen, initial presumptions in favor of government. For young people especially, but for others as well, setting and meeting achievable expectations will be essential. Conversely, advancing transformational goals and then failing to measure up to them would probably have a devastating impact, as it did in 1994, accentuating mistrust and disheartening an entire new generation of potentially active participants in American political life.

## II. Trust and the Policy Process in the Clinton Administration

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Public trust is more than a matter of academic and historical interest. It has important implications for the conduct of political campaigns and, even more, for governance. When Bill Clinton first ran for president in 1992, trust in politics and government was at a low ebb—a fact of which he and his advisors were well aware. In actuality, President Clinton and his team made the problem of public trust in government a *central thrust* of their campaign. They said that government would stand for the values that Americans held, and they talked about infusing government with the values of responsibility, community, and hard work. They aimed their programmatic agenda at the middle class by “putting people first” and promised that government programs would delineate deserving and non-deserving recipients.

They employed a number of high-profile steps designed to increase public confidence. Through the famous “Sista Souljah” confrontation and the promise to “end welfare as we know it,” President Clinton underscored his determination to break with special interest politics and align himself with middle-class values. His pledge to help localities put an additional 100,000 policemen on the streets showed that he understood the public’s concerns about crime and its belief that personal security is a core function of government. His entire economic program—including public investments as well as targeted tax cuts—was designed to expand opportunity for Americans struggling to remain in, or rise into, the middle class. And his endorsement of strategies for “reinventing government” signaled to a skeptical public that he understood their concerns about bureaucratic inefficiency and budgetary waste.

But in 1993 and 1994, they relegated this central thrust to the back burner. Despite some genuine accomplishments, trust continued to decline, and the electorate administered the Clinton administration a shattering rebuke in November 1994 when Democrats lost control of the House for the first time in 40 years. It makes sense, we believe, to conduct a version of what the military calls an “after-action review”—a candid examination of what went right, what went wrong, and why—not to assign praise or blame but to glean lessons that can improve future practices.

Early on, and despite its best intentions, the Clinton administration made some key decisions that accelerated the erosion of trust. Journalists and historians have traced, in detail, the sequence of events. There is no need to repeat their work. Our contribution is to place what happened in an analytical template focused on trust.

## **Early Mistakes and the Erosion of Trust**

As we have seen, trust rests in part on consistency between words and deeds, promise and performance. During the campaign, President Clinton gave the public grounds to expect early action on middle-class tax cuts, public investment, and welfare reform. In office, the administration decided that deficit reduction took priority over tax cuts and investments and that universal health insurance should precede welfare reform. It seems clear in retrospect that despite the significant reasons that prompted these shifts, the administration underestimated the extent to which they would disappoint legitimate expectations.

Public trust rests, as well, on consistency between public values and the principles embedded in public policy. During the campaign, President Bill Clinton signaled his support for mainstream values—hard work, personal responsibility, and playing by the rules, among others. He spoke about the importance of strong families. And he gave a new gloss on longstanding Democratic party commitments by calling for measures to make abortion “safe, legal, and rare.” Unfortunately, some of the administration’s initial steps led in a very different direction. Whether one agreed or disagreed with the policy, the early controversy over gays in the military appeared interest group driven and rekindled public doubts about Democrats’ respect for the armed services. A series of executive orders pleased pro-choice organizations and fulfilled the “legal” pledge, but did little to make abortion “rarer.” And the decision to postpone welfare reform deprived the administration of key evidence that it was serious in its commitment to the values of work and personal responsibility.

Public trust requires not only programs aligned with public values and expectations, but also the perception of competence in enacting and administering them. Early legislative stumbles—the defeat of a fiscal stimulus package and the abandonment of a controversial energy tax, among others—gave the impression of ineptitude and lack of organization, an impression reinforced by the president’s informal management style and legendary tardiness.

To its credit, the administration took steps that did enhance long-term public trust. The embrace of fiscal restraint conveyed, over time, a confidence-enhancing message of self-discipline and clear priorities. In retrospect, however, the administration would have been well-advised to temper its overall stance with a smattering of measures that delivered tangible short-term benefits. It is easier for

upper-income professionals than for less secure middle-class families to take the long view, or to trust those who counsel patience.

President Clinton also did well to take seriously his campaign commitment to reinventing government. Unfortunately, the president's decision to consign this initiative to the vice president meant that its very real accomplishments did not get much press coverage or achieve sufficient public visibility early on. (It was not until after the 1994 midterm election defeat that President Clinton took the lead in events showcasing innovations in efficient delivery of public services.) As a general matter, an administration will be defined by what a president chooses to make his own. He would be well-advised, therefore, to put his personal stamp on measures—such a government reform—that bear directly on the cultivation of public trust.

## **The 800-Pound Gorilla: Public Trust and the Politics of Health Care Reform**

We have saved for last, and for more extended treatment, the Clinton administration's failed effort to achieve universal health insurance, which many historians and survey researchers believe did more than anything else to undermine public confidence. For purposes of comparison, we begin our analysis with a glance backward at the last successful effort to make fundamental changes in health care policy.

Many factors came together to make the enactment of Medicare possible in 1965: a determined, legislatively skilled president who gave health care for the elderly a very high priority; massive Democratic majorities in both houses of Congress and a significant number of liberal Republicans; large, well-organized interest groups prepared to give the proposal grassroots support; a booming economy not yet hobbled by war spending and rising inflation; modest cost projections that turned out to be ludicrously wide of the mark; a financing system that built in part on the established and popular model of Social Security; beneficiaries widely viewed as deserving; and a promise to health providers not to use public power to set prices.

All of this notwithstanding, the drive to enact Medicare might well have failed without a uniquely supportive environment of public opinion. As Lyndon Johnson took the oath of office after his 1964 landslide victory, fully three-quarters of the people trusted the federal government to do what was right, most of the time if not always. If government was considered a trustworthy and effective agent of public purposes, then the principal task of policy makers was to make the case that a particular policy goal was worthy and achievable—not always an easy job, but easier than that faced by the next generation of reformers.

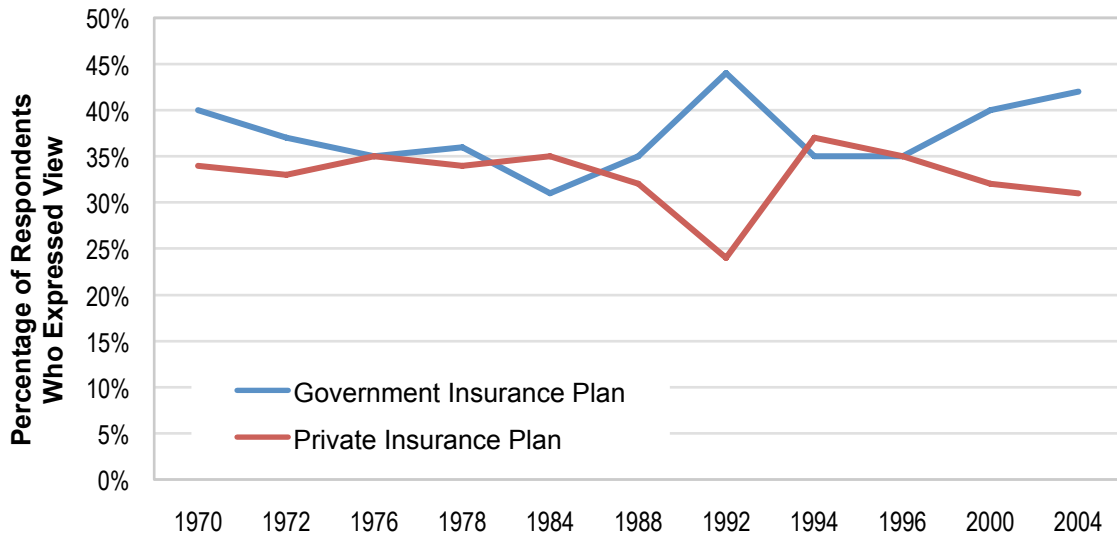
The situation that would-be health care reformer President Bill Clinton faced in 1993 was much more challenging. To be sure, he was working with a Democratic Congress, but one far more divided and less amenable to presidential leadership. Liberal Republicans formed a much smaller minority than had been the case three decades earlier, and polarization between the parties had intensified. The economy had only recently emerged from recession and was growing slowly. Worse, the federal budget deficit was very high as a percentage of GDP, making administration policy designers wary of health care proposals that would expand federal outlays. This concern forced them to embrace a model that reallocated existing funds through complex bureaucratic mechanisms that few could understand and even fewer could explain to legislators and the people.

Still, a case could be made that the people were, if not exactly clamoring for universal health insurance, at least ready for it. Support for something along these lines had risen from 31 percent in 1984 and 35 percent in 1988 to 44 percent in 1992, while outright opposition declined from 35 percent to only 24 percent and fence-sitters remained steady at slightly less than one-fifth of the electorate.

What the administration failed to take into account was the collapse of public trust in the federal government, which stood at only 29 percent when President Bill Clinton took office and fell further to 21 percent in 1994. The length and complexity of the administration's proposal rendered it opaque to the public, fueling mistrust evoked by the less than transparent process that had generated the proposal. The opponents of health reform saw their chance, and they took it, running an aggressive campaign against "government monopolies," "bureaucrats," and "mandatory health alliances." As Mark Hetherington has shown, this campaign made less trustful citizens more likely to see President Clinton as a proponent of big government. The effect was especially pronounced among citizens who already had health insurance or who believed they could afford to purchase it. Within months, the share of Americans who feared that the Clinton plan involved too much government rose to 47 percent, and voters came to see an unprecedented gap between President Clinton's view of the role of government and their own.<sup>24</sup> As a result, a proposal that had enjoyed 60 percent support when first introduced in the fall of 1993 was opposed by 56 percent in the summer of 1994.

As **Graph #9** indicates, support for a government run insurance plan reached historic highs in the late 1980s and early 1990s. But even then, it never reached 50 percent of the public. When the Clinton administration came into office and introduced a health care plan that they thought the public wanted, the intense administration lobbying effort and ensuing debate produced a substantial drop in public support by 1994. Worries about health care security and generic support for enhanced public guarantees proved no match for distrust of government.

**Graph #9**  
**Preference for Government-Sponsored Health Insurance**  
**Versus Private Health Insurance**



Source: American National Election Studies

The mobilization of distrust spilled over into the mid-term elections. In 1992, mistrustful citizens were only slightly less likely to support Democratic candidates than were their more trustful brethren. By 1994, the gap between these two groups had widened into a 20-point chasm, Democrats lost control of the House for the first time in forty years, and a new era of hyperpolarized politics was launched.

This narrative leaves unresolved a key question with which the president who takes office in 2009 will have to wrestle. One possibility is that the health care initiative might have succeeded if it had been conducted differently—if the process had been more transparent, the product less complex, the dealings with Congress more inclusive and supple, and if the administration had been more willing to compromise rather than going for broke. The other possibility is that however conceived and executed, the venture was doomed at the start because the scope and significance of the proposed reform called for a greater degree of public trust than existed at the time. The former possibility suggests that the administration might have been able to lead off with its most ambitious policy proposal despite the low level of public trust, while the latter suggests that it could only have succeeded later on, after a series of confidence-building measures in other areas had helped create a much higher level of trust.

These contrasting interpretations map onto long-running controversies about political strategy. One view is that fortune favors the brave—that an administration with the power to act boldly should seize the opportunity, even if it means getting

out in front of public opinion, because chances to make large changes are rare and fleeting. The downside is that if the administration swings for the fence and strikes out, the consequences of that failure are likely to extend well beyond the specific policy initiative. Public trust requires the perception of competence, and competence implies sound judgments about the relation between means and ends. In politics (unlike love) it is *not* better to have tried and failed than never to have tried at all.

The other view, associated with the tortoise rather than the hare, is that “slow and steady wins the race.” The downside is that when an ambivalent public is demanding large changes even as it mistrusts government as the agent of change, patient incrementalism can convey the impression of weakness and lack of purpose, which also erodes trust. And there is the risk that a chance to achieve transformative change will have been squandered in an excess of caution.

In the end, there is no substitute for judgment of what particular situations permit, or require. And there is no evading the inherent risks and uncertainties of political action. What is clear is that whichever course he chooses, the president is responsible for explaining his decision and, to the greatest extent possible, creating the standards by which his efforts will be judged. In the end, candor and clarity about roads taken and not taken is a president’s best strategy for cultivating and maintaining public trust. Contrary to the counsel of cynics, the course that best serves the process of democratic governance is usually the best politics as well.



### III. Rebuilding Public Trust

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The 2008 election transformed the political landscape. Expanded Democratic majorities in both the House and the Senate will be eager to move forward on an agenda that was stalled in the 2007-08 congressional session. Senator Obama has advanced proposals—concerning energy and the environment, health insurance, infrastructure, and early childhood education, among many others—whose implementation will require an effective and trusted national government. A newly energized grassroots base will hold elected officials' feet to the fire.

The next Congress and the new president, however, will face an ambivalent public torn between the desire for change and deep skepticism about government as the agent of change, a context that offers a particular challenge to the Democratic Party. A well-known progressive author argues that Senator Obama should respond with a "liberal shock doctrine"—in essence, a version of the ambitious, fast-paced reform thrusts of FDR and LBJ.<sup>25</sup>

There's a problem, however: 2009 will be more like 1993 than 1965. Rather than the growing economy, bulging treasury, and confident electorate on which Lyndon Johnson built a burst of activism, the country's leaders next January will be forced to contend with an economic slowdown, a large budget deficit, and public trust in government at rock-bottom.

These conditions will create a complex strategic challenge. On the one hand, bold proposals for change will backfire if they exceed the limits of public confidence. On the other hand, inaction is not an option.

In these circumstances, we believe congressional and administration leaders must make the task of rebuilding public trust in government a central strategic imperative. This does not necessarily mean that all large changes must wait; some—such as the reconstruction of the financial system—clearly cannot. The people are likely to perceive a few problems to be so urgently in need of action that they will be prepared to override their mistrust of government as agent. However this may be, without a significant increase in public trust, opportunities for effective action will be limited and brief. (As we saw in Section I, the 9/11 tragedy resulted in a dramatic increase in trust in government, but even so, public trust reverted quickly to more normal levels.)

The restoration of public trust will require a well-planned, well-executed strategy. We believe that a successful "trust strategy" contains four pillars:

(1) a narrative that explicitly acknowledges the legitimacy of people's doubts about government; (2) a strategy to reform and clean up government; (3) a series of policy design and policy implementation principles that highlight trust-building mechanisms; and (4) a plan to sequence new initiatives in order to build long-term trust. We discuss, in turn, each of these elements of the strategy.

## **1. Employ a narrative that explicitly acknowledges the legitimacy of people's doubts about government.**

P.J. O'Rourke wrote that "Democrats are the party that says government will make you smarter, taller, richer, and remove the crabgrass on your lawn. The Republicans are the party that says government doesn't work and then they get elected and prove it."<sup>26</sup>

Whether the central problem is overpromising or underperforming, large majorities of the people today believe that the federal government wastes money and caters to special interests, while only small minorities believe that the government pays attention to what average people want and does the right thing. Justified or not, this level of public mistrust constitutes a structural impediment to implementing a bold agenda.

Ignoring these doubts or pretending they do not exist will not make the problem go away. The next administration and Congress must employ a narrative that acknowledges the trust deficit and signals to Americans that the new leaders understand and will effectively address their misgivings. President Bill Clinton understood this in his campaign when he talked about reinventing government, ending welfare as we know it, and putting people first.

Starting with his inaugural address, Mr. Obama has an opportunity to focus public attention on the need for reform. He must address this skepticism directly, by promising to reinvent government to change the way it does business—by demanding and measuring results and treating each taxpayer dollar as his own. He should state forthrightly that he intends to earn the public's trust by demanding a government as hard-working as the people who pay for it, by being open, accessible and transparent, by putting common interests over special interests, by attacking waste and abuse, and by fostering an ethic of high performance and responsibility for results in every government agency. Taxpayers, he should say, will be treated as stakeholders who deserve an honest accounting of government programs, while beneficiaries must be deserving and meet common standards of accountability. He should insist that government must be responsive, up-to-date, and flexible. And then he must follow through.

## **2. Unveil a short- and long-term strategy to clean up and reform government.**

The public believes that the government in Washington is gridlocked; showing that it can get something done will begin to build a foundation for more ambitious measures. Mr. Obama can begin with highly visible executive orders; the Congress can begin with measures that enjoy broad-based support and can be enacted quickly. The new president can quickly plant a flag in the reform camp in the first 100 days by announcing a tough plan for scrubbing government clean. After the first 100 days, he must continually own the agenda of reform.

For example, the new president should immediately investigate excessive military contracts and other no-bid contracts - but with a twist. Instead of using these investigations to embarrass the opposing party or the previous administration, they should be undertaken for the strategic purpose of rebuilding public trust and in service of the larger goal of furthering a bold governing agenda.

Congress passed legislation to create a Commission on War Contracting Accountability which was sponsored by Senators Claire McCaskill and Jim Webb. The new President should take ownership of this commission and go after war-related fraud and abuse and investigate a list of programs and contractors that has acquired a dubious reputation; the next Congress should energetically participate in, and fully support, this process. And it shouldn't stop there. As Senator Hillary Clinton said in a recent op-ed in the Wall Street Journal, "If we're going to get serious about putting our nation's fiscal house in order, let's talk about putting an end to billions in no-bid contract awards to unaccountable contractors."<sup>27</sup>

Mr. Obama should use the occasion of his first budget to demonstrate that he is serious about cutting appropriations for inefficient programs and terminating those that have outlived their usefulness. He should frame budget and programs in the clear language of performance goals, including concrete standards governing how citizens can expect to be treated when they deal with the public sector.

The federal Government Performance and Results Act will be sixteen years old when the next president takes office. It has generated a wealth of data on how different parts of the government actually perform. But it is largely ignored by politicians or used to disparage only those programs to which they are ideologically opposed. Performance standards should be used as intended—as a means of managing the government and communicating with the public.

Finally, Congress should recognize that defending every existing line item undermines the public confidence needed to sustain new initiatives. We know it is a hard addiction to break, but earmark reform that dramatically reduces the amount of pork barrel spending will pay huge dividends. Democrats who control Congress should remember that no amount of earmarks saved them in 1994 when their national agenda went down in flames. The party of active government must also be the party of reform.<sup>28</sup>

### **A Reform Agenda for the First 100 Days**

- Announce a program for “cleaning up” government and creating a “smart government.”
- Review military contracting and no-bid contracting.
- Use performance measures and goals to cut ineffective programs.
- Announce a plan for reform of “earmarks.”
- Appoint high-ranking cabinet officials from the opposing party.
- Use executive orders to eliminate special interest regulations.

While the reform of financial regulation will take more than 100 days, it will play a key role in restoring public trust. The details involve both technical and political questions beyond the scope of this essay. Nonetheless, we can already say that the new system will fail unless it can demonstrate a degree of effectiveness and integrity that the current system manifestly lacks. As we argue in the next section, achieving this public goal will require the designers of the new financial system—and indeed, reformers of every aspect of government—to use principles of policy design such as transparency, simplicity, and moral accountability.

### **3. Use principles of policy design and implementation that build trust by highlighting effectiveness and integrity.**

Getting policy design right is not the stuff of soaring speeches or of campaign commercials. But it is the heart of effective government. Social Security, perhaps the most successful anti-poverty program of all time, was designed as an insurance system. It has withstood the test of time because people pay into it and believe, when they get it, that they have a right to their payments. In an era when trust in government is low, policies that include state and local governments, the private sector, and non-profit institutions and that offer choice can help build public

support for new policies—but only if their design matches the contours of the problem.

There is no one-size-fits-all in policy design. And without a good fit between problem and policy, government will not be effective. And this much is clear: however worthy the motives of public officials may be, ineffective government cannot hope to rebuild public trust. Fulfilling the large ambitions of the next administration will depend on competent, innovative management. The words of Alexander Hamilton are as true today as they were two centuries ago: “the true test of a good government is its aptitude and tendency to produce a good administration.”<sup>29</sup>

We have identified seven principles for policy and implementation, each of which is designed to pass two tests: (1) to increase the likelihood that the initiative meets its objectives; and (2) to enhance, rather than erode, public trust in government.

***Maximize openness and transparency.***

In circumstances of deep mistrust, the people will assume that officials conduct business in secret because they have something to hide. The fate of the Clinton health care proposal and the Bush energy package, both of which were crafted behind closed doors, should flash a warning light for the new administration. The more an issue affects the public, the more difficult the problem, and the more potentially transformative the remedy, the more important it is to conduct a policy process the public sees as open and above-board and to include Congress as a full partner in policy formulation.

***Minimize complexity.***

If policy makers cannot explain proposed legislation clearly and simply, the public will not understand it and will instinctively fear the worst—that it will cost too much, that it will be too intrusive, and that it will end up taking away something the people already have. The hard-to-explain complexity of the Clinton health care proposal contributed to its demise. A similar problem helped undermine the 2008 Lieberman-Warner bill to address climate change through a cap-and-trade regime for emissions that exacerbate global warming. It is at times like these—with public mistrust of government at near-record levels—that simplicity in policy design matters most. In a country where trust in government is low, complexity allows the opponents of any large piece of legislation to outline a worst-case scenario, no matter how unlikely or unfair, and make it stick.

***Ensure that policies are aligned with widely-held moral sentiments.***

Welfare reform worked both substantively and politically because policy makers finally acknowledged that the old system rewarded behavior that ran counter to

the values that most Americans (including many beneficiaries) hold and seek to teach their children. In 2008, the public proved surprisingly resistant to housing bailout legislation, in part because they did not understand why lenders and borrowers should be rescued from the consequences of their own unwise decisions.

Particularly for Mr. Obama and the Democratic congress, value alignment will be critical in areas such as universal health insurance and immigration reform. An immigration package that allows undocumented workers to attain citizenship must also pass the tests of restoring the rule of law, treating those who played by the rules accordingly, and being fair to taxpayers. Universal health care must require some commitment of responsibility from those who receive benefits—both financial and behavioral.

***Whenever practicable allow beneficiaries to make choices.***

Mandatory one-size-fits-all programs labor under a heavy burden of proof, because the public tends to prefer a meaningful range of choices. This goes to the question of how paternalistic government should be. Social Security is perhaps the most paternalistic government program. A prescribed amount of taxes are removed from each working person's paycheck. Benefits are decided by a uniform formula. There is scant choice in the program. But it was conceived in the 1930s when Americans felt radically different about their trust in government.

Three decades later, Medicare was created with the same financing formula but with a maximum of choice for beneficiaries. They choose which doctors to see, which treatments to seek, and how to manage their own health care.

It is now widely recognized that politically sustainable plans for universal health insurance will have to incorporate this design feature, but it applies in many other areas as well.

This does not mean that policy must be neutral, even if that were possible. The public will accept programs that offer incentives to do the right thing, including public matching funds for personal savings and opt-out provisions making it far easier for individuals to stick with a program's "default" setting. There is no contradiction between choice-based policy designs and the promotion of important public purposes such as savings and insurance.

***Form must support function.***

Trust in government took a precipitous and lasting drop after the government's inept response to Hurricane Katrina. To be sure, FEMA's leadership during this crisis was monumentally inept. But the problem goes deeper: FEMA's inclusion in the Department of Homeland Security significantly weakened its ability to act,<sup>30</sup> strengthening the argument for reestablishing it as an independent agency.

Almost no one argues that disaster response, recovery and assistance can be privatized. It is one area where the government is expected to perform and perform well—and where appropriate government reform is the key to success. On the other hand, public policy in the 21<sup>st</sup> century is not implemented by public bureaucracies alone. In fact, much of the work the public sector does is performed by complex partnerships of public and private actors.<sup>31</sup>

The next president will have to think carefully about matching the mode of government to the problem to be solved. Social Security works, in part, because the government is good at processing large amounts of data and distributing millions of deposits. But there are areas in which the government does not usually perform well. For instance, government has a hard time innovating. Therefore, in policy areas—such as research—that require innovation and creativity, the government is well advised to continue contracting out much of the work to a wide variety of organizations in hopes of generating many competing approaches. In those areas where the government wants to change people’s behaviors, such as increasing conservation, it should look at creating markets where incentives can be put to use. And in those instances where the government wants to retain control, for either security or financial reasons, it should look to information technology to create modern “smart” governments.

***Minimize the impact of parochialism and special interests.***

Washington has come to accept that a certain percentage of all spending and legislation is going to be siphoned away for special interest and parochial purposes. The public has not, and it is now in open revolt against business as usual. The onus is on policy makers to demonstrate that they have gotten the message and are changing the way they operate.

Mr. Obama's proposal to create a National Infrastructure Reinvestment Bank seems well crafted to build trust in government, because it would take specific infrastructure decisions out of the hands of politicians and would place them in a professional setting. Within a broad framework of publicly determined purposes and appropriations, there is an important role for expertise that weighs costs and benefits rather than votes and polls. And while no institutional arrangement can ever eliminate pork barrel spending altogether, experts are much less likely to authorize monstrosities such as the "bridge to nowhere," which became such a potent symbol of unaccountable power and public waste in an era when actual bridges in Minnesota were collapsing. If Americans feel that the government is wasting even more money under the guise of an infrastructure initiative, they will be even less likely to endorse ambitious new efforts in areas, such as health care and energy, where so many people have something to lose as well as gain.

Beyond earmarks (in which the special interest is generally the elected official), the next president should consider taking on some of the interests identified with his own party in order to build public trust. This is obviously a balancing act. Special interests are “special” because of their power in Washington. But a “Sister Souljah” moment on behalf of government reform that takes on an entrenched interest to truly benefit the public would go a long way toward restoring trust in government and its leaders.

***Make a good faith attempt to be bipartisan.***

The current polarization of American politics reflects deep divisions among the people, not just among elites. Nonetheless, most people yearn for a reduction in conflict and incivility, which they see as feeding gridlock and thwarting efforts to solve public problems. The next president and Congress should address this head-on.

Senator Obama has promised to conduct the nation’s business on a less partisan basis, and the people will hold him to that pledge as president. Besides, history suggests that large changes prove more enduring when they enjoy a measure of bipartisan support. That is more likely to occur when members of the minority are involved in substantive discussions early on rather than being asked to sign onto a finished product.

But the responsibility for reducing polarization extends beyond the executive branch: congressional leaders have a key role as well. The majority should offer the minority a chance to propose a reasonable number of amendments on key legislation to participate meaningfully in conference committees. In return, the minority would be asked to forego obstructionist tactics. Yes, there are risks; the majority might have to yield some ground. But its gains would be more sustainable, and improved public confidence would lay the foundation for future progress.

#### **4. Move an agenda strategically to increase trust in government.**

In the opening section, we wrote about the two components of trust and mistrust being “competence” and “concern.” The reform agenda speaks to “competence;” this part of the agenda covers “concern.” Candidate Obama ran on an ambitious agenda. Convincing the people that government can act with dispatch and integrity on issues—particularly those that directly impact people - will improve the next president’s odds of enacting it. Here are three ways to do that.



### ***Ring up early successes.***

There is a reason that college football powerhouses begin the season with a softy. Even the best team isn't prepared to win the Rose Bowl in week one. Earlier in this section, we described a series of reform measures that the President could achieve in the first 100 days. Besides fulfilling the reform narrative, early successes help the incoming administration gain confidence and trust among the American people. Early failures can be devastating.

On day one of the Reagan presidency, the hostages came home from Iran. This success, though arguably not of President Reagan's making, enhanced one of his central narratives—the importance of strength and resolve—and helped set the stage for the passage of his historic tax cut. By contrast, President Bill Clinton's opening days were marred by failed appointments to key positions, controversies over executive decisions, and a poorly conceived economic stimulus plan that lingered for months before succumbing. These early stumbles took the luster off the new administration, reinforced a negative impression of chaos and inexperience, and lowered the president's approval rating, all of which complicated the task of enacting key proposals.

### ***Keep core campaign pledges and add government reform to the list.***

The public holds candidates responsible for their principal promises and will not trust elected officials—in the Congress, but especially in the White House—who appear not to take these promises seriously. The next president must shape his early agenda accordingly. Recent history illustrates this principle.

President Ronald Reagan had four major campaign pledges - cutting taxes, strengthening national defense, reducing regulations, and balancing the budget. He kept the first three and got some credit for the fourth because of his highly publicized (though not very effective) efforts to cut domestic spending. His core campaign promises were at the heart of his agenda, so that the American people always knew where he was going and what he was trying to do. This enabled him to clear a key hurdle of competence—namely, meeting the public test he set for himself. In addition, three of his four promises were proxies for reform and cleaning up government. Partly as a result, President Reagan was able to minimize Republican congressional losses in 1982 despite a sharp economic downturn.

President Bill Clinton made a series of major campaign promises, two of which—a middle class tax cut and welfare reform—were quickly derailed and left in storage during his first two tumultuous years. He was unable to keep a third core promise—universal health care—despite yeoman efforts. Despite significant accomplishments in fiscal policy and trade, President Clinton's inability to measure up to his own benchmarks contributed to devastating Democratic losses in the 1994 election.

***Sequence core campaign pledges from easiest to most difficult.***

Senator Obama has four central campaign pledges—a middle class tax cut, a transformational energy project, a responsible end to the war in Iraq, and universal health coverage--none of which really speak to cleaning up government. To build confidence in government and lay the groundwork for sustained success, he should begin with the items—changing course in Iraq and cutting taxes—that he is most likely to accomplish early on, and he should add a high-profile, achievable initiative that cleans up an aspect of what the people see as a soiled and stained capital city.

Health insurance and energy reform will require more sustained negotiations and tie up more congressional committees. Working with congressional Democrats, however, he could make a significant down payment on his health care pledge by reenacting children’s health care reforms that already cleared the Congress, only to be vetoed by President Bush.

## Conclusion

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Some may read this essay as pessimistic and deflationary, as an argument against bold and ambitious government. Nothing could be further from our intention. The genius of our governmental system is its capacity to adjust to changing circumstances, and to design institutions and policies adequate to the challenges of each new generation.

Our problems today are large, and our response must be equal to them. But the ability of our democracy to act effectively rests ultimately on the trust of the American people. As Abraham Lincoln said, “Public sentiment is everything. With public sentiment, nothing can fail. Without it, nothing can succeed.” Today, the mood of the people is one of intense distrust—of the institutions and capabilities of government, and of the motives of its leaders. Nothing less than a determined effort to change this sentiment is needed. For without such an effort, even the best-conceived plans to solve our problems are likely to fail.

Leaders may be tempted to cut the Gordian knot—to forge ahead in advance of public opinion in the hope that bold action will create its own momentum, or at least a *fait accompli*. The consequences of the last attempt to do this are instructive. While President Lyndon Johnson created change that endured, he also set the stage for decades of reaction against activist government, the consequences of which have shaped, and we believe have limited the potential of, our politics down to the present day.

Our greatest presidents knew how far they could go without undermining the support they needed to persevere. The purists of their day criticized them as temporizing and indecisive. But history has vindicated their decision to trust the people, to earn the people’s trust rather than presupposing it. If the next president and Congress are to succeed, they must have the wisdom to do likewise, despite the pressure from the impatient purists of our day.

Recent economic events have challenged our governing institutions as rarely before. But this grave challenge is also an opportunity. If the next administration can use the instruments of government to stabilize our financial system and restart the engine of economic growth, it will have at least a fighting chance of reversing the cycle of mistrust and of creating political space for a renewed public assault on our large long-term problems.

## Endnotes

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<sup>1</sup> For a thorough review of this phenomenon see: *Why People Don't Trust Government*, edited by Joseph S. Nye, Jr, Phillip D. Zelikow and David C. King, Harvard University Press, 1997.

<sup>2</sup> Marc J. Hetherington, *Why Trust Matters: Declining Political Trust and the Demise of American Liberalism* (Princeton, NJ: Princeton University Press, 2005), p. 5.

<sup>3</sup> For evidence that this golden age of political trust is more than a nostalgic rewriting of history, see Stephen Earl Bennett, "Were the Halcyon Days Really Golden? An Analysis of Americans' Attitudes about the Political System," in John R. Hibbing and Elizabeth Theiss-Morse, eds., *What is it About Government that Americans Dislike?* (Cambridge: Cambridge University Press, 2001).

<sup>4</sup> Gallup's annual governance poll found trust in federal government institutions at or near their lowest levels of trust since their survey began in 1972. Jeffrey M. Jones, "Trust in Government Remains Low," *The Gallup Poll*, September 18, 2008.

<sup>5</sup> Intriguingly, this measure dropped from 67 percent to 59 percent during the Clinton presidency, suggesting that efforts to restrain spending, balance the budget, and "reinvent" government did not go unnoticed.

<sup>6</sup> All data in this paragraph were drawn from the American National Election Studies' "Guide to Public Opinion and Electoral Behavior."

<sup>7</sup> For statistics and discussion, see M. Kent Jennings, "Political Trust and the Roots of Devolution," in Valerie Braithwaite and Margaret Levi, eds., *Trust and Governance* (New York: Russell Sage, 2008).

<sup>8</sup> Jeffrey M. Jones, "Low Trust in Federal Government Rivals Watergate Era Levels; Trust in state, local governments holding steady," *The Gallup Poll*, September 26, 2007.

<sup>9</sup> "Federal Government's Favorable Ratings Slump; State and Local Still Viewed Positively," Pew Research Center, May 14, 2008.

<sup>10</sup> Citing ANES data, Hetherington shows that attitudes toward government spending have fluctuated with no clear trend since the early days of the Reagan Administration: *Why Trust Matters*, pp. 42-43.

<sup>11</sup> These figures are drawn from CBS/New York Times surveys conducted in 1980 and 2008.

<sup>12</sup> See Virginia A. Chanley, Thomas J. Rudolph, and Wendy M. Rahn, "The Origins and Consequences of Public Trust in Government: A Time Series Analysis," *The Public Opinion Quarterly* 64, 3 (Autumn 2000): 239-56.

<sup>13</sup> Hetherington, pp. 19-20. The expansion of the welfare state through advanced industrial societies may explain why declining trust was not confined to the United States but was a pervasive phenomenon during the late 1960s and 1970s.

<sup>14</sup> Chanley, Rudolph, and Rahn, p. 251; also Jack Citrin and Samantha Luks, "Political Trust Revisited: Déjà vu All Over Again," in Hibbing and Theiss-Morse, *What is it About Government that Americans Dislike?*, p. 20-23.

<sup>15</sup> Pietro Nivola and David W. Brady, *Red and Blue Nation? Volume 1* (Washington, DC: Brookings, 2006); *Volume 2* (Washington, DC: Brookings, 2008).

<sup>16</sup> Bill W. Bishop, *The Big Sort: Why the Clustering of Like-Minded America is Tearing Us Apart* (New York: Houghton Mifflin, 2008).

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<sup>17</sup> For all of this and more, see John R. Hibbing and Elizabeth Theiss-Morse, *Stealth Democracy: Americans' Beliefs about How Government Should Work* (Cambridge: Cambridge University Press, 2002), ch. 6.

<sup>18</sup> Tom R. Tyler, "The Psychology of Public Discontent with Government," in Hibbing and Theiss-Morse, *What is it About Government that Americans Dislike?*

<sup>19</sup> See especially John R. Alford, "We're All in This Together: The Decline of Trust in Government, 1958-1996," in Hibbing and Theiss-Morse, *What is it About Government that Americans Dislike?*

<sup>20</sup> *A Portrait of "Generation Next,"* Pew Research Center for the People and the Press, Washington DC, 2007

<sup>21</sup> *2006 Civic and Political Health of the Nation Survey,* CIRCLE, College Park MD, 2006

<sup>22</sup> *2007 Civic Health Index,* National Conference on Citizenship, Washington DC, 2007

<sup>23</sup> See especially Harvard University, Institute of Politics Biannual Survey, March 21-April 4 2005, Topline (question 18).

<sup>24</sup> Hetherington, *Why Trust Matters,* ch. 7.

<sup>25</sup> Rick Perlstein, "A Liberal Shock Doctrine," *The American Prospect,* September 2008.

<sup>26</sup> P.J. O'Rourke, *Holidays in Hell,* 1989.

<sup>27</sup> Hillary Rodham Clinton, "No Crisis is Immune from Exploitation Under Bush," *Wall Street Journal,* August 6, 2008.

<sup>28</sup> On September 22, 2008, Barack Obama's campaign released his "Plan to Reform the Greed and Excesses of Washington." The plan would require deep cuts in the number and amount spent on federal contractors, create an entity to examine and evaluate corporate subsidies, strengthen the Office of Governmental Ethics, eliminate waste, protect whistleblowers, etc. See, Mike Allen, "Obama Vows to Cut Contracts by 10 Percent," *Politico,* September 22, 2008 (<http://www.politico.com/news/stories/0908/13727.html>)

<sup>29</sup> Federalist No. 68.

<sup>30</sup> See, Elaine C. Kamarck, "When First Responders Are Victims: Rethinking Emergency Response." *Harvard Law & Policy Review Online* 1.1 (2007).

<sup>31</sup> See, Elaine Kamarck, *The End of Government... As We Know It: Making Public Policy Work,* Lynne Rienner Publishing, 2007 and Stephen Goldsmith and William D. Eggers, *Governing by Network: The New Shape of the Public Sector,* Brookings, 2004.



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